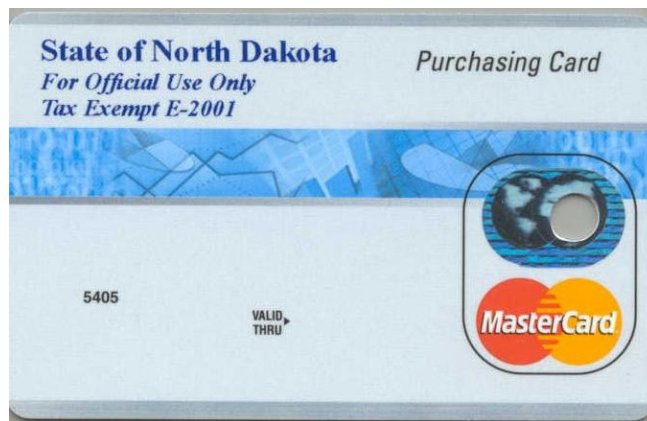


PURCHASING CARD MANUAL

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Purchasing Card Manual

Introduction

Welcome to the State of North Dakota's Purchasing Card (Pcard) Program. This manual is designed to present the framework for implementing the program in your agency. It contains the hands-on detail that agency management and individual cardholders need to ensure the program works effectively.

The purchasing card program delegates the authority and capability of purchasing items directly to designated cardholders, allowing them to purchase goods and services faster and easier than before.

Cardholder Limits

A \$2,500 single purchase limit and a \$10,000 monthly maximum limit are the default settings. If higher limits are required, contact OMB. The state agency official should email the request to the state Pcard administrator at OMB stating the name of the cardholder, the reason for the request, and the limit(s) desired. Requests will be reviewed on an individual basis. An email response will be sent indicating the approval or decline. Once approved, the agency Pcard administrator should make the change in NetService and indicate the reason for the change in the account memo section.

Hierarchy Setup

For purposes of defining the control hierarchies for the purchasing card program, each agency represents a "company". Consequently, each agency will be responsible for administering the purchasing card program at the agency level. In order to facilitate program implementation and provide for ongoing program administration, each agency should designate a person as the agency Pcard administrator. (To help ensure the adequacy of internal control surrounding agency purchasing card programs, **the agency Pcard administrator/authorized signer may not be a cardholder**. However, if agency size or other constraints make this unfeasible, the Office of Management and Budget (OMB) may assume card maintenance duties for an agency. Contact OMB for more information regarding card maintenance).

To get started on a purchasing card program in your agency, contact the state Pcard administrator at (701) 328-4936 or 328-2682.

The official policies and procedures for the purchasing card program are included in Policy 300 in the Fiscal and Administrative Policy Manual at <http://www.nd.gov/fiscal/docs/policies.pdf>.

The official procurement procedures for the levels of purchasing and competition are included in the State Procurement Manual, Chapter 5 at <http://www.state.nd.us/csd/spo/laws-rules-guidelines/2004-level1-procurement-manual.pdf>

What is a Purchasing Card?

The purchasing card is a method of payment for agency employee use to make purchases for official agency business. OMB encourages the use of the purchasing card.

The purchasing card payment system is an individual bill/central payment system. The cardholder receives a monthly account statement for information and reconciliation purposes only. OMB obtains a consolidated electronic billing file and makes payment to GE Corporate Payment Services on behalf of all cardholders. Expenditure transactions are processed through PeopleSoft and posted to the appropriate agency accounting records using the default speed chart assigned to each purchasing card in GE's Strategic Account Management (SAM) database.

A purchasing card **IS**:

- Authority delegated by agency management to individual state employees.
- For official state of North Dakota use only.
- Authorized for use with only certain categories of merchants.
- Authorized for purchase of items under state contract.

A purchasing card **IS NOT**:

- A means to avoid appropriate procurement or payment procedures.
- A means to access cash or credit.
- For use with interdepartmental billing (IDB).
- A right of employment.
- For personal use.

What are the Benefits of a Purchasing Card?

The purchasing card enables personnel to perform more effectively and focus on the value-added aspects of their jobs by:

- Reducing administrative costs for the state.
- Eliminating purchasing delays.
- Reducing the amount of paperwork.
- Improving supplier relations.
- Receiving increased information about purchasing transactions.
- Reducing the number of checks issued.

Who are Likely Cardholders?

- Because the purchasing card allows the cardholder to place orders directly with the supplier, the greatest program benefits are achieved when purchasing cards are issued to end users. OMB encourages wide usage of the purchasing card.

How to Obtain a Purchasing Card

1. Contact the agency Pcard administrator for application instructions and required training.

2. Complete the online application using GE NetApps. Applicants will be asked to read and agree to the terms and conditions associated with the use of the state purchasing card.
3. The application will be emailed to the authorized agency official(s) and OMB for approval before being submitted electronically to GE.

Cardholder Credit Rating

The use of the purchasing card results in liability to the agency, not a personal liability for the cardholder. The cardholder's credit rating will not be affected. However, it is important to remember that the cardholder agrees to the terms and conditions of using a purchasing card while completing the online application, prior to receiving the card, and as such, is personally liable for any misuse of the purchasing card as outlined in this manual.

The GE Purchasing Card Program provides liability protection to the state once notification of any loss, theft, or fraudulent use is made. However, the same level of liability protection does not apply to cards that are made available to multiple users. **Therefore, only the person whose name appears on the card is allowed to use that card.**

Guidelines for Purchasing Card Use

The following items cannot be purchased with a purchasing card without specific written permission:

- Insurance.
- Alcoholic beverages.
- Flowers/gifts.
- Ammunition/weapons.
- Legal services.
- Tax reportable services - 1099
(services with individuals, sole proprietorships, partnerships, estates and trusts, medical and legal services, consultants, engineers, etc.).
- Motor vehicles.
- Gasoline/fuel.
- Employee travel (lodging/meals).
- Entertainment/hospitality/food.

Note: Agency management may request from OMB, a waiver to remove the restriction on the purchase of the preceding items. The request can be submitted by email to the state Pcard administrator with specifics as to the name of the cardholder, item(s) to be removed and an explanation of why the change is being requested. If the waiver is approved by OMB, an email will be returned stating the change has been approved. The agency Pcard administrator can then make the change in NetService and indicate in the account memo section why the restriction was removed.

Other exclusions

- Cash advances (ATM or other).
- Non-business/personal items.

Merchant Category Code Standards

All vendors are assigned a merchant category code (MCC) by their bank. The MCC standard for the state is the State Merchant Category Code Exclusion Standard. Attempting to buy from merchants that are excluded will cause the transaction to be denied.

Occasionally a bank may have wrongly assigned a vendor's MCC. If a transaction is rejected for an appropriate purchase, the agency Pcard administrator should ask the vendor to check with their bank to request a code change, if necessary.

Merchant Category Code (MCC) Groups for the State of North Dakota

Each cardholder will be assigned a State of North Dakota MCC group which allows certain item(s) for purchase. They are listed below:

- | | |
|---------------|---|
| ND107 | The most commonly used group. It will buy anything that can be purchased with a PO. Restricts travel, lodging, cash, entertainment, food, or liquor. |
| ND001 | Used to purchase most things (as in ND107) as well as airline tickets, conferences, car rental, lodging, meals, and food. Restricts cash, entertainment, or liquor. |
| NDFRD1 | Will purchase most things and should be used rarely. Must be justified and approved by OMB before assigning this group. (will not purchase jewelry, massage parlors, cash, etc.) |

General Instructions for Card Use

Cardholders should give vendors their purchasing card number and expiration date, or present the card at the point of sale and tell the vendor that the state is exempt from sales tax.

NOTE: The State of North Dakota's tax-exempt number is embossed in the upper left portion of the card.

- OMB State Procurement laws, rules, and guidelines must be followed.
- **If the transaction value is \$2,500 or less** you may purchase without obtaining competition provided the price is fair and reasonable.
- **If the transaction value is greater than \$2,500, but less than – or equal to \$25,000** you must obtain at least three oral or written competitive quotations unless the items are on a state contract.
- **All printing over \$2,500 not done by Central Duplicating Services** must be submitted to the State Procurement Office using the online purchase request.

- **If the material is to be shipped or delivered**, tell the vendor to enclose or mail a copy of the receipt/invoice with each shipment. Have the vendor mark it “Credit Card Order – Paid” to avoid duplicate payments. **If the material is to be picked up**, obtain the itemized receipt indicating the purchase price.
- **Retain the original receipts/invoices for reconciliation purposes** and forward, along with the monthly account statement, to the applicable supervisor.

Statement Verification

1. A monthly account statement will be sent directly to individual cardholders. (OMB obtains an electronic billing file for payment processing.)
2. It is the cardholder’s responsibility to reconcile the monthly account statement with the receipts/invoices. If inaccuracies and/or erroneous information exist, the cardholder must immediately notify the agency Pcard administrator.
3. Sign the monthly account statement and submit it with the receipts/invoices to the designated agency official for approval.

Vendor Does Not Accept Credit Cards

Not all vendors accept purchasing cards. If this happens:

- Ask the vendor if they are interested in accepting MasterCard. If yes, refer them to the state Pcard administrator. **GE will work with the vendor to secure their acceptance of MasterCard.**
- Complete the transaction using traditional purchasing procedures.
- Choose another vendor who accepts MasterCard.

Returns, Credits and Disputed Items

Individual cardholders are responsible for following up with the merchant or bank on any erroneous charges, disputed items, or returns as soon as possible. Disputed billings can result from failure to receive the goods charged, defective merchandise, incorrect dollar amounts, duplicate charges, credits not processed, as well as fraud and misuse.

If the cardholder has a problem with a purchased item or billing resulting from use of the purchasing card, the cardholder should first try to reach a resolution with the supplier. In most cases disputes can be resolved directly between the cardholder and the vendor.

Credits: Referring to the receipt/invoice, request the merchant place a credit on the card account.

Returns: A credit should be issued for any item that the vendor has approved for return. The credit will appear on a subsequent cardholder statement. Any returned item purchased with the purchasing card must be returned for credit. **Do not accept a refund in cash or check.**

Maintain documentation of all credits, returns, and exchanges to be attached to the monthly account statement.

Disputed Items: If the cardholder has a disputed charge and cannot reach resolution with the vendor, the agency Pcard administrator must complete the GE online Dispute Form in NetService within 60 days of the post date. If 60 days have passed, the Pcard administrator should still complete the form. It will be honored at GE's discretion.

Declines at the Point of Sale

If a cardholder's card is declined at the point of sale, the cardholder should contact the agency or state Pcard administrator. They can see why it is being declined and will be able to manually authorize the charge, if appropriate. Some reasons for a decline include:

- The cardholder has failed to activate the card by calling the toll free number listed on the sticker placed on the front of the card.
- The cardholder has exceeded the designated single or monthly transaction limit.
- The cardholder attempts to use the card for a blocked supplier category.

Purchasing Card Security

The purchasing card is to be treated with the same level of care that is afforded personal credit cards.

- Do not lend the purchasing card to anyone. The only person authorized to use the card is the person whose name appears on the front of the card and who completed the online application and agreement.
- Do not post or write the purchasing card account number in any location that is accessible to others.
- Use only secure web sites when sending the purchasing card account number over the Internet.

Reporting Lost or Stolen Cards

The cardholder must notify the agency purchasing card administrator and GE immediately when a card is discovered lost or stolen. Report a lost or stolen card to GE by calling **1-800-274-7378**. This number is available 24 hours a day, 365 days a year.

Random Audits

Cardholder agencies, OMB, the State Auditors Office, and the GE Fraud Division may conduct random audits of purchasing card use. The primary purpose of the audit is to ensure that purchasing card program procedures are being followed and that:

- State procurement procedures are being followed.
- The purchasing card is being used for appropriate transactions.
- Supporting documentation is complete.

Failure to Comply with Program Guidelines

Any misuse of the purchasing card or failure to comply with the applicable policies and procedures may result in the following:

- Revocation of the purchasing card.
- Appropriate disciplinary actions, which may include termination.
- Repayment of transactions resulting from personal use of the purchasing card. Repayment will include any applicable taxes.

Termination of Employment or Transfer to Another Division

If the cardholder's employment is terminated with the agency, or if the cardholder transfers to another division within the agency, the cardholder must return the purchasing card to his/her supervisor. The supervisor is responsible for contacting the agency Pcard administrator, who will cancel and destroy the card.

State Pcard Contacts

The following resource persons are available to provide assistance, answer questions, or help solve any problems that arise:

State Pcard administrator: OMB – (701) 328-4936 or 328-2682

- To initiate an agency purchasing card program.
- For assistance with procurement policies and procedures.

Agency Pcard administrator

- To apply for a purchasing card.
- For questions concerning policies and procedures.
- To replace damaged cards.
- For assistance with suppliers.
- For account inquiries.
- For billing information.
- To report a lost or stolen card.

GE Customer Service Contacts

Pcard administrator Customer Service – 1-800-464-3603

Press option **1** or option **2** for most problems

(PA's will be asked for their Program Administrator Access Code (PAAC))

Press option **3** for the **Help Desk**

Press option **4** for **Disputes**

Press option **5** for **New Accounts**

To report **Fraud** call **1-800-881-6439**

To report a lost or stolen card call 1-800-274-7378

Cardholder Customer Service – 1-800-274-7378